

Message Text

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PAGE 01 TOKYO 04402 180447Z
ACTION EB-08

INFO OCT-01 EUR-12 EA-10 IO-13 ISO-00 AGRE-00 CEA-01
CIAE-00 COME-00 DODE-00 FRB-03 H-01 INR-10 INT-05
L-03 LAB-04 NSAE-00 PA-01 CTME-00 AID-05 SS-15
STR-07 ITC-01 TRSE-00 SP-02 SOE-02 OMB-01 DOE-11
NSCE-00 SSO-00 USIE-00 INRE-00 /116 W
-----037117 180504Z /23

O 180435Z MAR 78
FM AMEMBASSY TOKYO
TO SECSTATE WASHDC IMMEDIATE 6278
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY DUBLIN
USMISSION GENEVA
AMEMBASSY LONDON
AMEMBASSY LUXEMBOURG
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY THE HAGUE

C O N F I D E N T I A L TOKYO 04402

USEEC ALSO FOR AMEMBASSY

USMTN ALSO FOR USMISSION

E.O. 11652: GDS
TAGS: ETRD, EC, JA
SUBJECT: EC GLOOMY ABOUT TRADE DISCUSSIONS WITH JAPANESE

1. SUMMARY: EC NOW FEARS ANY JOINT STATEMENT THEY MIGHT
BE ABLE TO REACH WITH JAPANESE WILL NOT BE SUFFICIENT
TO HOLD BACK PROTECTIONIST PRESSURES IN MEMBER STATES.
THEY ARE THEREFORE AT STAGE OF WONDERING WHETHER HAER-
KAMP SHOULD GO HOME WITHOUT AN AGREED STATEMENT NEXT WEEK,
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PAGE 02 TOKYO 04402 180447Z

DESPITE DANGERS IMPLICIT FOR U.S. AND WORLD TRADING
SYSTEM. END SUMMARY.

2. SIR ROY DENMAN AND LOCAL EC REP ERNST CALLED ON DCM
AND EC MIN MORNING MARCH 18 TO REPORT ON STATUS THEIR
DISCUSSIONS WITH JAPANESE. HAERKAMP ARRIVES EARLY
AFTERNOON MARCH 18. THEY EXPLAINED FEB. 7 MANDATE

THEY ARE OPERATING UNDER AND THEIR HOPES FOR AN AGREED JOINT STATEMENT BY END OF HAFERKAMP VISIT NEXT WEEK. AS A RESULT OF THIS WEEK'S DISCUSSIONS THEY CAN SEE ONLY A PLATITUDINOUS STATEMENT LARGELY DEVOID OF SUBSTANCE, WHICH WILL NOT SATISFY COUNCIL OR MEMBER STATES. THUS THEY FACE DECISION OF WHETHER IT IS NOT BETTER TO GO AWAY WITH NOTHING THAN TO LOSE CREDIBILITY BY BRINGING BACK A MEANINGLESS PACKAGE. THEY NOTED EXTREME PRESSURES IN SEVERAL MEMBERS TO IMPOSE SPECIFIC RESTRICTIONS ON JAPANESE GOODS.

3. EC REPS SEEM TO HAVE CLEAR UNDERSTANDING OF DANGERS TO WORLD TRADING SYSTEM FROM THEIR FAILING TO REACH AGREEMENT THIS WEEK. THEY SEE CLEARLY THE PROBLEMS THAT WOULD BE CREATED FOR U.S. IF EUROPEAN PROTECTIONISM IS UNLEASHED.

4. THEY FEEL THEY FACE, OBJECTIVELY, A MORE DIFFICULT SITUATION THAN WE DID IN JANUARY AS DOUBTS ABOUT JAPANESE GROWTH AND CURRENT ACCOUNT GOALS HAVE MOUNTED. THEY FIND VARYING PERCEPTIONS WITHIN GOJ OF SERIOUSNESS OF PROBLEM. THE FEAR JAPANESE BUREAUCRACY CANNOT BE MOVED BY FOREIGN MINISTRY TO COME UP WITH MEANINGFUL CONCESSIONS. INDEED THEY SEEM TO FEEL THERE IS IN FACT LITTLE JAPANESE COULD DO EVEN IF DETERMINATION EXISTED.

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PAGE 03 TOKYO 04402 180447Z

5. JAPANESE HAVE TOLD THEM THAT AIRBUS PURCHASES WILL BE DECISION OF JAPANESE AIRLINE COMPANIES WHOSE FLEET PLANS ARE TO BE DEPOSITED DURING COURSE OF WEEK.

6. DENMAN REFERRED TO USHIBA'S RATHER DEROGATORY STATEMENT ABOUT COMMISSION SOME WEEKS AGO AS INDICATION GOJ DOES NOT APPROACH PROBLEMS WITH EUROPE AS SERIOUSLY AS THOSE WITH U.S.

7. WE REVIEWED HISTORY OF OUR CONSULTATIONS IN DECEMBER AND JANUARY AND NOTED THE MANY PARALLELS. WE AGREED THAT THE TIME IS PROBABLY LESS FAVORABLE FOR THEM TO REACH MEANINGFUL AGREEMENT THAN IT HAD BEEN FOR US.

8. WE AGREED KEEP IN CLOSE TOUCH THROUGH NEXT WEEK SO THAT ANY U.S. REACTION TO FINAL OUTCOME CAN BE AS HELPFUL AS POSSIBLE.

9. COMMENT: EC SCENARIO SEEMS TO BE DUPLICATING OUR JANUARY SCENARIO IN BOTH TIMING AND SUBSTANCE, BUT AT A TIME WHEN AN UP-BEAT FINAL RESULT IS MORE DIFFICULT FOR BOTH SIDES. MANSFIELD

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